



Vote effectively to manage efficiently

Corporate governance is a top priority for the French Asset Management Industry

Asset managers account for a significant portion of total stock market capitalisation through the assets they manage. In accordance with their code of conduct they perform their duties completely independently, notably as regards issuers, and act solely in their clients' interest.

The AFG, well aware that good corporate governance increases the value of investments, realised early on that its Members could play an important part in this arena. It focuses on the **rights and duties** incumbent on asset management companies in their role as shareholders. In particular, it encourages them to participate actively in the general meetings of listed companies. Alongside its initiatives in **socially responsible investment**, this engagement with corporate governance is part of broader efforts by the AFG to promote **long-term savings** and **assets quality**.

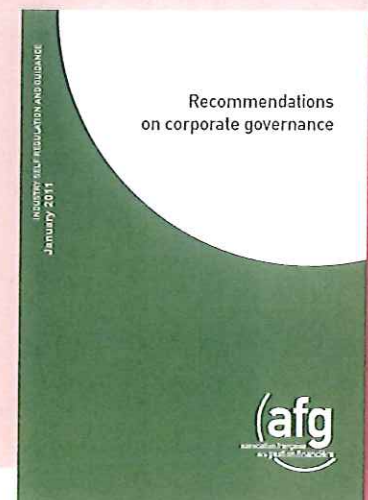
Encouraging asset managers to take part in general meetings

- **AFG Code of Conduct strongly recommends since 1997 that management companies exercise the voting rights** attached to the shares they manage taking solely into account their clients' interests. Since 2003, French law also requires that management companies exercise their right to vote and, should they not exercise that right, that they explain why.
- **AFG publishes regularly updated *Recommendations on Corporate Governance***: the Association's Corporate Governance Committee, chaired by Jean-Pierre Hellebuyck, issued its first set of recommendations, relating to the general meetings and boards of directors of listed French companies, in 1998. The recommendations are regularly updated to keep abreast of changing practices and regulatory developments.

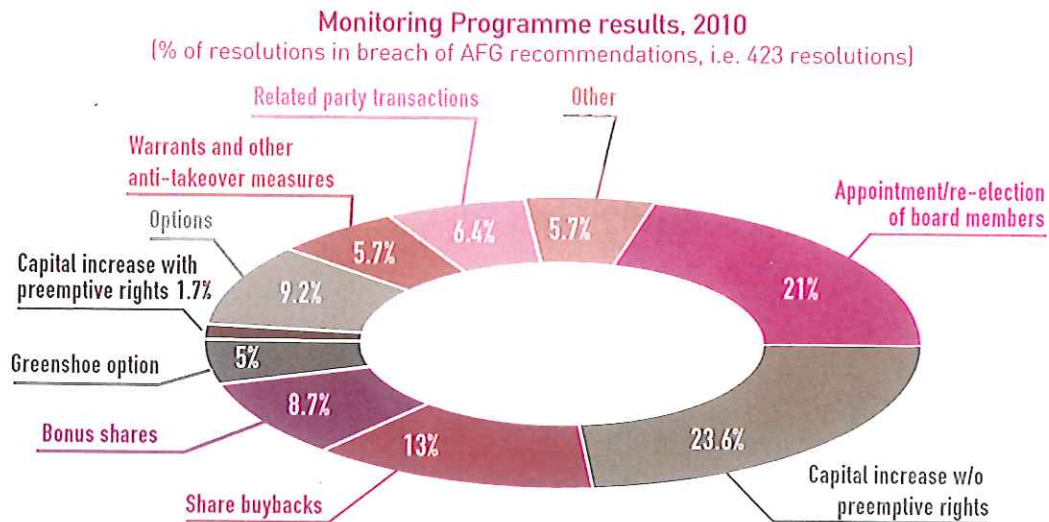
AFG key principles on corporate governance

- ➔ The general meeting must foster shareholder democracy.
- ➔ The company's medium- and long-term strategic directions and its environmental and employment policies are key.
- ➔ The board of directors must be independent, efficient and effective.
- ➔ Compensation must be appropriate and transparent.
- ➔ "One share, one vote".
- ➔ Anti-takeover defences ("poison-pills") are proscribed.

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- A monitoring programme focused on SBF 120 companies alerts AFG Members to **draft resolutions** that breach those recommendations, and it encourages asset managers to take an active part in general meetings. The alerts are sent directly to members and posted on the AFG website at www.afg.asso.fr.



Reporting on the active involvement of asset managers

AFG regularly sends to its Members a questionnaire on the exercise of voting rights. An analysis of the responses reveals the **growing involvement of asset managers** in general meetings and their active opposition to draft resolutions that run counter to their voting policy. The analysis is available (in French) at www.afg.asso.fr.

Taking part in global initiatives

- The AFG is a founder-member of the **French Directors' Institute**, IFA, and a member of the French Corporate Governance Association, AFGE. It is also actively involved in global discussions on the issue of corporate governance.
- The AFG responds to consultations organised by the **European Commission** on directives concerning corporate governance, with the main aim of facilitating cross-border voting.
- The AFG is also active in the **International Corporate Governance Network (ICGN)**. AFG Chief Executive Pierre Bollon is a member of its Nominating Committee and its "country representative" for France. **ICGN will hold its 2011 GMM in Paris.**

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The **French Asset Management Association** (Association Française de la Gestion Financière, AFG) represents France's asset management industry. Its members manage total assets of €2.6 trillion, including the financial management of €1.4 trillion in collective investment funds, for which France ranks first in Europe and second worldwide after the United States.